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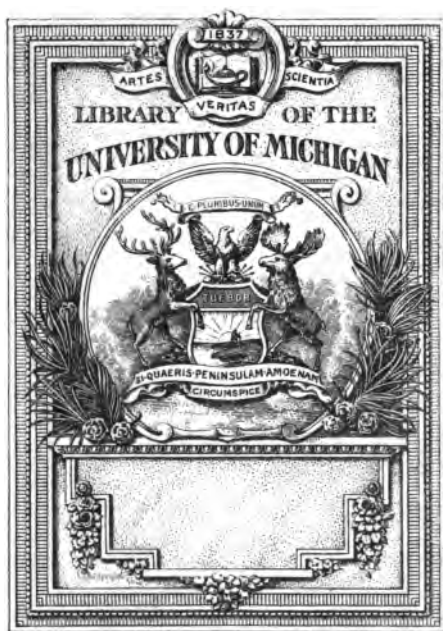
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QUESTIONS OF THE DAY SERIES.—No. LXXXIV.

# REAL BI-METALLISM

OR

## TRUE COIN VERSUS FALSE COIN



A LESSON FOR "COIN'S FINANCIAL SCHOOL"

BY  
EVERETT P. WHEELER

G. P. PUTNAM'S SONS

NEW YORK

LONDON

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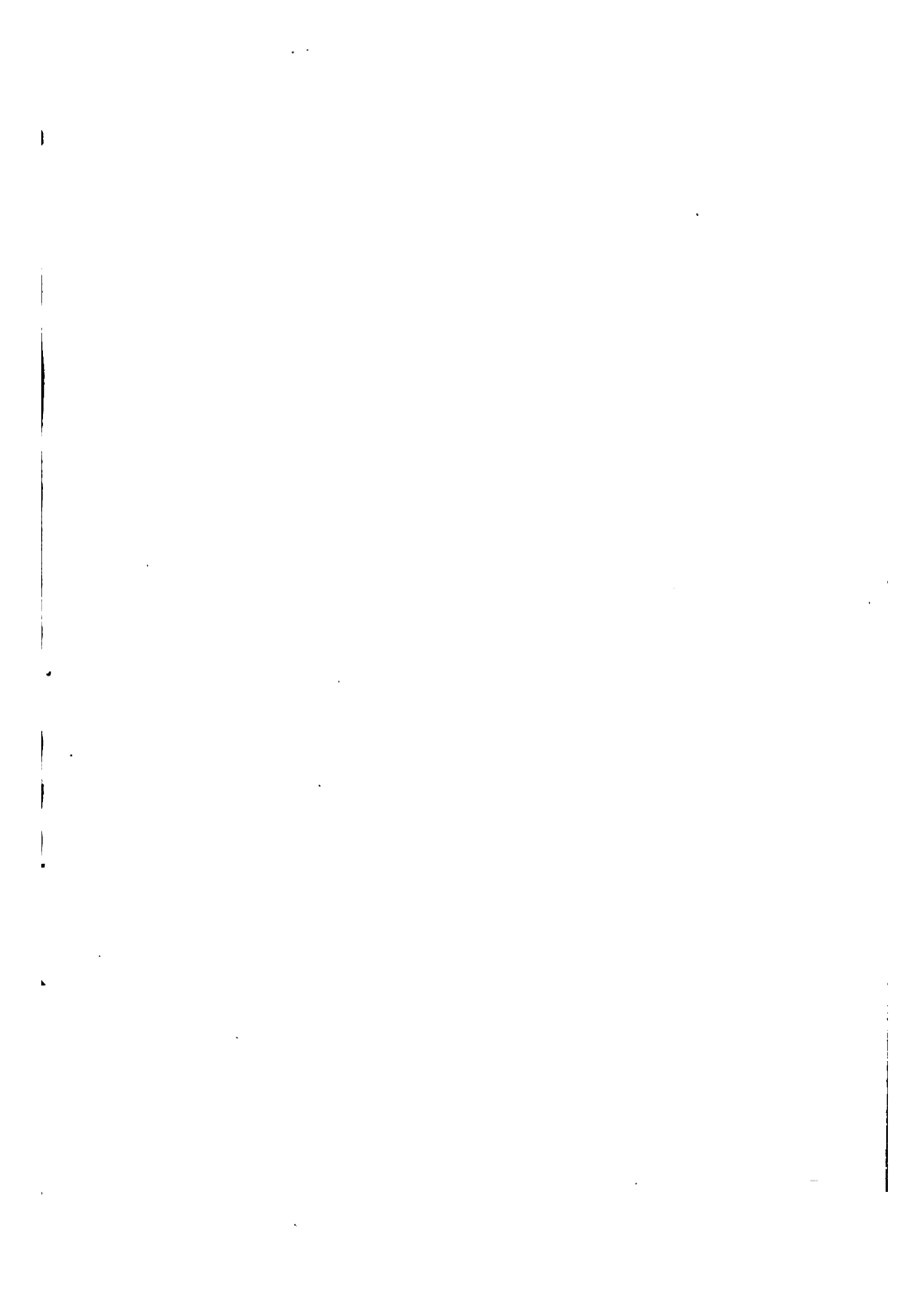
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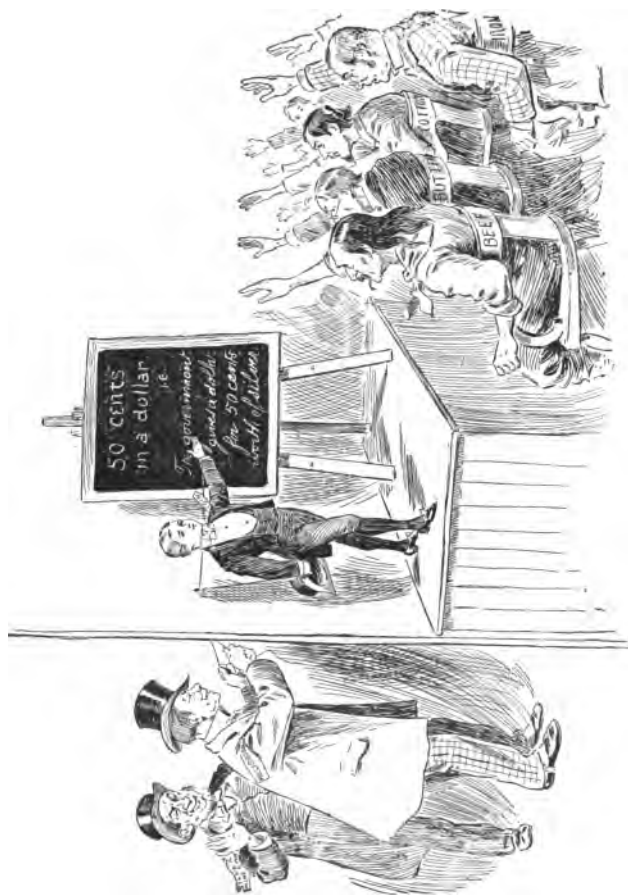
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"COIN'S FINANCIAL SCHOOL."

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FARMER: THEN GIVE ME A DOLLAR FOR FIFTY CENTS' WORTH OF BEEF.

PLANTER: THEN I WANT A DOLLAR FOR FIFTY CENTS' WORTH OF COTTON.

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OR

TRUE COIN VERSUS FALSE COIN

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A LESSON FOR "COIN'S FINANCIAL SCHOOL"

BY

EVERETT P. WHEELER

AUTHOR OF "THE MODERN LAW  
OF CARRIERS"

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ILLUSTRATED

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G. P. PUTNAM'S SONS

NEW YORK  
27 WEST TWENTY-THIRD STREET

LONDON  
24 BEDFORD STREET, STRAND

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1895

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The Knickerbocker Press, New York

"A lie which is half a truth is ever the blackest of lies,  
For a lie which is all a lie may be met and fought with  
outright,  
But a lie which is part a truth is a harder matter to fight."  
TENNYSON.

"It is with you as with those that are hunting for eels.  
While the pond is clear and settled, they take nothing;  
but if they stir up the mud high and low, then they bring  
up the fish;—and you succeed only as far as you can set  
the state in tumult and confusion."

ARISTOPHANES.



## PREFACE.

I OFFER this book to my countrymen as a partial payment of the debt which every American owes to the cause of good government. I was moved to write it by my observation, as counsel for a company doing business in Central America, of the loss and inconvenience that are caused by the single silver standard. On this point, and on our financial history during the war, I speak as an eye-witness. If I have any personal interest, it is rather for the silver standard, for I own stock in a silver mine. But I have found that the real welfare of each citizen is bound up with the welfare of his country.

EVERETT P. WHEELER.



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# REAL BI-METALLISM.

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## CHAPTER I.

### INTRODUCTION.

IT is easy to make a successful argument if you can argue on both sides. When Coin claims to have set up a school in Chicago, and puts words into the mouths of the financiers and economists that are opposed to him, he finds it easy to say that he has convinced them all. But this school of his was only a puppet show. He pulled the strings on both sides. No such school was ever held. No such argument ever took place. But Coin has so artfully mingled that which is true with that which is false, that he certainly has made a very clever and plausible piece of fiction. The time has come for the American people to get at the real facts of the case, and to have a real school

and a real argument. Let us see what answers can be given to Coin's questions, in this real school.

Free silver coinage means that every man who has silver bullion in any form, whether bars or spoons, that at present market rates is worth only about sixty-seven cents an ounce, can take it to the United States Mint and get silver dollars for it, at the rate of one dollar twenty-nine and a half cents per ounce, which silver dollars will be an unlimited legal tender for all debts, public and private, and will be worth in gold only about fifty cents apiece.

At present these silver dollars are legal tender at their nominal value to any amount. But the coinage of them has been practically stopped. The faith of the government is pledged to maintain those that have been coined, on a parity with gold, at the ratio of sixteen to one. This means that practically the holder of silver dollars can exchange them at the United States Treasury, at their nominal value, for gold. They are really credit money. That is, their nominal value is maintained, just as that of the Treasury notes, or greenbacks, is maintained, by the credit of the United States Government.

The case that Coin makes is briefly this :

When unlimited free coinage of gold and silver was allowed by law, between 1834 and 1873, the owners of gold and silver bullion took it to the mint. It was coined into dollars. This coin was the basis and means of trade, and the two metals retained a commercial value at the ratio fixed by law, that is to say, in America, sixteen to one. Coin further contends that the commercial value of the two metals was kept in a fixed ratio by this system of free coinage, and that when the free coinage of silver ceased in 1873, silver retained its value, but gold appreciated ; and that the prices of everything measured in gold began to fall, and have been falling steadily every since. He further argues that if the free coinage of silver were again permitted, and the legal-tender quality of the silver should be retained, the prices of all kinds of property would increase because they would be measured in silver, and debtors would be benefited because they would be enabled to pay off their debts by the sale of less property than would now be required to pay off these debts.

Just here arises one question which Coin

does not answer. Sometimes he talks on one side of it, and sometimes on the other. The question I ask him is this: Will the free coinage of silver raise silver to the present level of gold, or pull gold down to the present level of silver? Sometimes Coin argues that demonetizing silver reduced the value of it by diminishing the demand. If this is so it follows plainly enough that gold was left where it was, and that no harm was done to anybody except the owners of silver mines. No doubt their profits were diminished. But he does not claim to speak on their behalf, but on behalf of the plain people of the country; the farmers and mechanics who are the principal producers. And it is clear that if the effect of restoring the demand for silver would be to raise its price to an equality with gold; then the debtors would not be benefited, because they would still have to pay their debts on the gold basis. And this is the very grievance that Coin complains of.

On the other hand, if the effect of the free coinage of silver would be to pull down gold to the present level of silver, what becomes of Coin's argument that the artificial demand created by law increases the price of an article?

He brings in a picture of a great many horses, and argues that if the government were to advertise for the purchase of 100,000 cavalry horses, it would raise the price of the horses. No doubt it would for a time. But if the supply of horses were as unlimited as the supply of silver, the same result would happen that happened to the silver market when this government created an artificial market for silver; that is to say, people would be encouraged by this artificial demand to go into the horse business, the price would go up for a little while, but would soon fall to its natural level. Horses would be imported from other countries, we should have more than we wanted, and they would become a drug in the market.

We have tried this experiment of making an artificial market for silver. In 1878, a law was passed that the Secretary of the Treasury buy silver bullion, not less than two million dollars' worth a month, and coin the same into silver dollars. In 1890 the Sherman Silver Purchase Act was passed, requiring the Secretary of the Treasury to buy 4,500,000 ounces of silver a month. In each case the price of silver went up for a little while, the production of sil-

ver increased, and the price then began to fall, until the purchase was stopped by the repeal in 1893 of the Silver Purchase Act. As soon as the purchase was stopped, and the owners of poor silver mines found that there was no further hope of a forced government market, and shut up their mines, the supply diminished and the price began to rise, according to the universal law of supply and demand. An artificial and unnatural demand never has any permanent effect for good. The fancy that underlies the free-silver argument, that you can by force of a statute create values, is a will-o'-the-wisp that has led many a man into the swamp of bankruptcy. You cannot oblige people by law to lend money or to invest money, or to make any kind of a bargain. If a man is in debt, it is within the power of a government to pass a bankrupt law which shall discharge him from his obligation. So a government may, by issuing a depreciated currency, enable a debtor to pay his creditors in money of less value than was current when the debt was created. But it cannot compel any man to lend money or to invest money for the future, on any terms except those which he chooses. If we had



COIN: THAT 'S A GOOD DOLLAR, UNCLE SAM, IF YOU ONLY SAY SO.  
UNCLE SAM: I CAN SAY A GOOD DEAL, BUT I HAVEN'T CREDIT ENOUGH TO MAKE PEOPLE THINK 50 CENTS A DOLLAR,  
BY SAYING SO.



a free coinage law to-morrow, and the silver dollars coined under it should be an unlimited legal tender, the government still could not compel the owner of property to sell it, or the owner of money to lend it, on any other terms than those which he thought for his interest. Contracts would immediately be made payable in gold, as they were during the war, and have been since. The courts would enforce them if the debtor did not pay according to the contract. The sheriff would collect in the stipulated currency. In all settlements with foreign countries we should settle on the gold basis, as we did during the war. It is the only basis which civilized countries recognize, and even the countries that use the silver standard as a basis for their internal currency, settle with other countries on the gold basis.

For example, Mexico, South America, India, and China have a silver currency, and their domestic trade is based on that currency. But all their commerce with foreign countries is settled on the basis of a gold standard. In these settlements the ratio of silver to gold is nearly thirty-two to one. When men talk of compelling by act of Congress the restoration of silver bullion



to a parity with gold at the ratio of sixteen to one, they propose an absolute impossibility. You might as well say that you can compel the English to reckon in dollars, or the Germans to reckon in francs. The whole question is one of the measurement of agreements. Every honest contract must express in some way the standard by which the agreement is to be performed. If you make a contract for so many bushels of wheat or pounds of coffee, or barrels of pork or of flour, you make it according to a recognized standard. And it is of absolute importance to both the buyer and the seller, that this standard should be known and recognized, and, as far as possible, unchangeable.

The effect of a free-coinage law would be similar to a law, that all contracts for the delivery of bushels of wheat could be made good by delivery of sixteen quarts to the bushel. It would be a universal bankrupt law, for the payment of debts: wages, bank deposits, pensions, and all the rest, at fifty cents on the dollar; with the single exception that all contracts which have been made already payable in gold, would be still payable according to that standard. But even this bankrupt

law would not give to the debtor the profit which he hopes. The effect of such a law would be to ruin for a time the credit of the country. Owners of property and of capital would refuse to lend or invest it until the business of the country should be adjusted to the new silver standard. The result for a time would be a stagnation of business, a consequent stoppage of demand, and throwing of workmen out of employment. Debtors would be obliged to make sales of their property in order to realize, and these sales would be made at a sacrifice, and the result for a time would be a fall in prices, even measured by the silver dollar. People with capital would take advantage of these forced sales, and would in the end be gainers by them. This is exactly what happened in 1861. The secession of the Southern States greatly impaired the credit of the general government. The banks suspended specie payments, and there was for a time general stagnation in business, and consequent suffering and distress. Many of the great fortunes of to-day had their origin in the opportunity thus afforded to capitalists to buy in property at a sacrifice.

The impossibility of enforcing by statute the

maintenance of the equality of a double standard, which is itself unequal, is shown by our experience during the civil war. We exerted the whole power of the government to maintain the parity for the payment of debts, between greenbacks and gold; and failed completely. At the beginning of the war the government and all the banks were on a specie basis. That does not mean that they had gold enough in their vaults to pay all their outstanding obligations. But it does mean that they had gold enough in their vaults to pay obligations which should be presented in the ordinary course of business, as long as confidence in their ability to pay continued. But the moment this confidence ceased, and depositors and the holders of bank notes began to fear that the banks would not be able to keep their promises, there was a run on the banks. Specie payments were suspended. Not only so, but in two weeks the entire stock of silver coin in circulation disappeared absolutely, because it was more valuable than paper. We were driven to every expedient to make small change. Postage-stamps were used for the purpose. When they became, as they soon did, too sticky to be used, they were enclosed in

little tin cases and passed in this way from hand to hand. Then paper notes were printed by the government, called postal currency, expressing an agreement to pay in stamps, five or ten or twenty-five or fifty cents, as the case might be. The government passed a legal-tender act. It declared in the most positive language that the notes issued under it should be a legal tender for all debts, public and private, except interest on the national debt and duties on customs. Immediately the nation recognized that there were two standards in existence: one a paper standard, the value of which was dependent upon the credit of the government; the other a gold standard, which was dependent upon its intrinsic value and its recognition by all nations of the world. Contracts were made payable in gold, and were enforced by the Courts in gold. Other contracts were made payable in currency.

We lived under this double standard from 1861 to 1879. The ratio between gold and currency fluctuated constantly. This was a source of enormous fortunes to money-changers, and to large capitalists and bankers. It happened then, as it always does happen in every

country where there is an actual double standard in use, that the people that have money and that can afford to use it as capital, and hold it until it can be used to most advantage, are those that profit by the difference. If, for example, you have a remittance to make to one of the silver countries, when your bill of exchange gets there it has to be changed into the currency of the country, and the banker makes a profit on the change. If you have money in the currency of that country to remit, you must buy a bill on New York or London, and the banker who handles the bill makes a profit on that transaction. You lose both ways; and so it was during the war. Whenever any one who had a credit in paper currency wished to turn it into gold, he submitted to a commission or a discount. When he had gold that he wished to turn into currency he had also to pay a commission. In all agreements for future payments, the fluctuating character of the currency was recognized, and the man who had the money took always good care that the party with whom he contracted should agree to pay a sufficient sum to cover the risk of fluctuation. Thus it came to pass that the dollar that the

farmer or mechanic earned, bought less in 1865 than it ever has since.

The truth is there is no one so dependent upon a regular business as the man of small capital, or the man whose only capital is in his work. He receives his earnings in small sums. He is not able to accumulate to any considerable degree. He must buy from time to time according to his necessities, and any sudden stoppage of business means injury to him, and often means ruin.

Before I pass from this branch of the subject let me say that I do not maintain that a government cannot keep one kind of currency at par with another, though the former is of less intrinsic value. That is what we are doing now, respecting our present silver circulation. But this equality, or parity, can only be maintained so long as the currency of less intrinsic value is redeemable in that of more intrinsic value. To that extent it is kept afloat by the credit of the government, and is credit money. But the free-silver men are not content with this. They want an unlimited coinage of silver dollars. To redeem these in gold is no part of their plan. They expect by force of a statute to keep them

on an equality with gold. And that is impossible. Each will find its own natural level, unless it is kept at a higher level by the force-pump of government credit—and the force of this pump is limited. Just how much inferior currency government credit will keep at a level with the superior, cannot be told exactly. But it never will keep an unlimited amount, any more than you can pump the Atlantic Ocean to a level with the Rocky Mountains.

To recur again to our experience during the war, let me remind the reader that the Confederate States tried to keep afloat an irredeemable currency, by force of law. They added the stimulus of patriotism and the coercion of the provost marshal. But they failed completely. Finally the buyer took his currency in a wheelbarrow (so the story goes) and brought his purchase home in his pocket. The Southern States, above all, ought to fight this old foe with the new face. Free, unlimited silver coinage is only Confederate notes, "writ large."

And now, having made this brief statement of Coin's argument and of the general reply to it, let us take up his positions a little more in detail.

## CHAPTER II.

### THE MONEY UNIT.

IT is true enough that for many purposes the money unit of the United States before 1834 was the silver dollar. In other words, during that time this country was on a silver basis, as most countries were. England was the first country to adopt the gold standard. In 1834 this country changed its standard, and, as Coin states, made the ratio of gold to silver sixteen to one, and to accomplish this reduced the size of the gold eagle. The reason for this was probably that which is stated by Coin, that as the number of silver coins in circulation was much greater than that of gold, it was easier and cheaper to recoin the gold than to recoin the silver. But the change was made, and from this time we were on a gold basis. Coin himself admits that only eight million silver dollars were coined during the whole period between

1834 and 1873,<sup>1</sup> and that after 1834 our silver was exported to Europe, and that to keep some of it at home we reduced in 1853 the value of silver halves, quarters, and dimes, so that two silver half-dollars should weigh  $26\frac{1}{2}$  grains less than a silver dollar. In other words, the silver in two half-dollars was less in value than the gold in the gold dollar. But the silver in the silver dollar was greater in value than the gold in the gold dollar. The ratio to gold of the silver in the silver dollar was sixteen to one; that of the silver in the half dollar was fifteen to one. The changes in the ratio of gold and silver are very well shown by the table which is on page 34 of *Coin's School*.<sup>2</sup> He argues that the changes in the value of silver before 1873 were slight. He very cleverly talks of points instead of the proportion of the points to the price. Two points in fifteen is, of course, the equivalent of fourteen per cent. His own table shows that the change between 1687 and 1834 was fourteen per cent., and between 1834 and 1873 over one per cent. But it is useless

<sup>1</sup> The table on pages 337 and 339 of the Report of the Director of the Mint (*Treasury Report*, 1894) shows that only 6,587,521 silver dollars were coined in the United States mints during that time.

<sup>2</sup> *Treasury Report*, 1894, p. 288.

to dwell on this, for whether the change was much or little, it was sufficient to drive all the silver dollars out of circulation. There were no silver dollars in the United States Treasury, in the banks, or in circulation in the United States from 1860 to 1873.<sup>1</sup>

It is plain enough that this must always be the case. If a man has a contract payable in dollars, and the debtor has his choice in what kind of dollars to pay, it is clear that he will pay in the kind of dollar which is the cheapest. Between 1834 and 1873 this dollar was the gold dollar, and debts were paid according to that standard. This does not mean at all that they were actually paid in gold coin, but they were settled for on that basis. This important fact Coin entirely ignores.

Indeed Coin constantly assumes that business must be done with either gold, or gold and silver, and on this assumption argues that we need both metals for actual business transactions. The contrary is the truth. The people of this country do not want to do business exclusively in gold and silver. It is very seldom

<sup>1</sup> See *Report Secretary of the Treasury* for 1886. Table H, facing page lxxx.

that payments are made either in gold or silver coin, except in small amounts. We coined between 1878 and November 1, 1894, 421,776,408 silver dollars. Of these all but 56,443,670 (or nearly seven eighths) were in the United States Treasury on the latter day.<sup>1</sup> All endeavors to circulate a larger number had been unsuccessful. There was a decrease in the circulation of silver dollars between November 1, 1893, and November 1, 1894, of 2,282,148.<sup>2</sup> Our people do not want the actual coin.

Indeed there is not gold and silver enough in the world to do the business of this country, if all payments were made in actual coin. The money transactions between the banks of New York City alone in 1893 were over thirty-four billion dollars<sup>3</sup>; and the whole stock of gold and silver in the world at that time (including small coin) was only about eight billion dollars.<sup>3</sup>

If there were any force in the argument that we need a great bulk of coin as the basis of

<sup>1</sup> *Report Secretary of the Treasury*, 1894, p. xxxv.

<sup>2</sup> \$34,421,380,870—*Report Secretary of the Treasury*, 1893, p. 511. Of these only \$1,696,207,176, or about five per cent., were paid in money.—*Ibid.*

<sup>3</sup> Gold, \$3,965,900. Silver (large and small coin), \$4,055,700,000. Total, \$8,021,600,000. *Treasury Report*, 1894, pp. 180, 181.



"GIVE US A TRIPLE STANDARD. THERE IS NOT SILVER ENOUGH TO GO AROUND.  
MONETIZE COPPER."



circulation, we ought to monetize copper. There is enough of this in use to make a building as big as the Monadnock. But the bulk is a positive disadvantage. If all payments were to be made in coin, the bulk of the gold, and much more the bulk of the silver, would be such as to make it impossible of transportation in settlement of commercial transactions. And if you could handle it and transport it, what would be the gain? All that a creditor wants to know is that when his debt comes to be paid, it will be paid according to the standard which was in force when he made his bargain. If he has a contract for wheat, and the standard of wheat is thirty-two quarts to the bushel, he wants to be sure that when the wheat is delivered he will get the full bushel of thirty-two quarts. He does not even then care to have the wheat actually brought to his store, but is satisfied with getting a warehouse receipt for it, which will enable him to get the wheat whenever he wants it. The same is true of a contract payable in dollars. No man, when he gives a note payable in gold, expects to count out the gold when his note is paid. But he does expect to settle for it according to the gold standard.

And in the ordinary contract which is not expressed to be payable either in gold or silver, the debtor does not expect to pay it in so many ounces of either metal, but he does expect to settle for it according to the ruling standard ; which is, and has been ever since 1834, in this country, a gold standard.

## CHAPTER III.

### FINANCIAL EXPERIENCE OF THIS COUNTRY DURING THE WAR, AND SINCE THAT TIME.

DURING the civil war, and the period that followed, from 1861 to 1879, when we were not paying ordinary debts on a specie basis, we still measured obligations by the gold standard, and never by the silver standard. We settled during all that time all our debts with foreign countries on the gold basis, and never on that of silver. The price of gold, as measured by currency, went up and down, but all business transactions were made with reference to this fluctuation. In point of fact what really controlled the situation was the credit of the government, its success in the war, and such probability that existed as to how soon it would be able to resume the payment of all its obligations upon a gold basis. Thus, for example, some of the government

bonds, known as the currency sixes, which were in terms expressed to be paid in currency, were at one time worth not more than seventy-five cents on the dollar, measured in gold. But, as the credit of the government improved, and it announced its determination to resume specie payments, these same currency bonds rose to a premium because the government had gradually recovered its credit, and people understood that the time was coming when all obligations would be redeemable in specie, as in point of fact they actually became so redeemable.

Our own experience during all this period shows that business can very well be transacted without that enormous volume of specie that Coin argues is necessary. We were able to provide currency amply sufficient for the transaction of the business of the country without a single silver dollar in the Treasury. The government expended from 1861 to 1865 nearly five billion dollars,<sup>1</sup> and incurred a debt, amounting in 1865 to nearly three billion dollars.<sup>2</sup> If we were able to do this without the use of one dollar of silver as redemption money, how can it

<sup>1</sup> \$4,662,845,294.30—*Report Sec'y Treasury*, 1886, pp. xcvi., xcvi.

<sup>2</sup> \$2,680,647,869.74—*Report Sec'y Treasury*, 1886, p. 1, xix.

now be said that we need unlimited silver coinage for that purpose. The stock of gold in the country is more than treble what it was in 1865.<sup>1</sup>

I know it will be said that the period of the war is not a fair comparison, because then we had a paper currency that we did not redeem at all. To this there are two answers:

1. We had also a gold currency. All the tariff taxes were paid in gold to the government. All the interest on the funded national debt was paid in gold by the government. California maintained gold payments throughout the war.

2. All through the war the government sold its bonds for greenbacks. This was a practical redemption of them. It gave their holder the power to turn them at any time into a security, the interest and principal of which were paid in gold.

And this leads me to speak of the experience of this country, from the passage in 1875 of the act for the resumption of specie payments, down to the actual resumption in 1879.

If there were anything in Coin's argument

<sup>1</sup> 189,000,000, June 30, 1865—*Treasury Report*, 1886, Table H.  
\$627,293,201, July 1, 1894—*Treasury Report*, 1894, p. cxv.

that the effect of appreciating the value of the common currency of the country is to produce universal distress, that period from 1875 to 1879 ought to have been one of great distress. During that time the ordinary currency of the country was gradually appreciating. In 1870 the greenback was at a discount of about 20 per cent.<sup>1</sup> In 1879 it came to be worth par. The panic of 1873, was the consequence of the wild speculation, to which large issues of paper currency always give rise. Its effects gradually passed away, and from 1875, when the resumption of specie payments was determined, the business of the country gradually became more and more prosperous. The year 1880, which was that following the resumption of specie payments, was probably as prosperous a year as the nation ever had.

During the ten years from 1870 to 1880, the period during which the "crime against silver" as Coin would call it, was committed, and during which the paper currency gradually appreciated, the country made the following wonderful record :

<sup>1</sup> Average premium on gold in 1870 was 25.3 per cent. *Census Compendium*, 1880, vol. i., p. 658.

Population increased from 38,558,371 to 50,155,783,

Number of farms from 2,659,985 to 4,008,907.

Value of farms from \$9,262,803,861 to \$10,197,096,776.

Production Indian corn from 760,944,549 to 1,754,591,576 bushels.

Wheat from 287,745,626 to 459,483,137 bushels.

Cotton from 3,011,996 to 5,755,359 bales.

Value of manufactured products from \$4,232,325,442 to \$5,369,579,191.

Wages paid in manufacturing from \$775,584,343 to \$947,953,795.<sup>1</sup>

This remarkable progress appears even more wonderful when it is remembered that the values for 1870 are computed in depreciated currency,<sup>2</sup> and that therefore the growth of the country was even more rapid than is indicated by these figures.

All this shows, what the history of every country shows, that general prosperity and commercial honesty are twins, and can never be separated. Every one is glad to deal with an honest man. No one, if he can help it, is willing to deal with a knave. Whatever a man's pretences may be, he is a knave if he is not willing to return to his creditor what he has received

<sup>1</sup> *Compendium U. S. Census*, 1880, pp. 4, 650, 658, 662, 666, 928, 929.

<sup>2</sup> *Ibid.*, p. 926.

from him, according to the same standard as that in which he received it. Coin repeats over and over again a proposition which is absolutely untrue, that the debts which are now due were contracted, or the debts which they replaced were contracted, on a silver basis. In point of fact there is not a debt in this country which has been contracted since 1834 which was contracted on a silver basis, and nobody owes any such debts. The debts of 1834 were paid long ago, and we are much more concerned with the debts of 1895. These are a matter of present interest, and upon our dealing with them the present prosperity of the country depends. Most debts from 1861 to 1879 were contracted in currency. But we finally settled them in 1879, and nobody wants to fight that battle over again, or to return to a paper currency not redeemable on demand in specie.

The free-silver men urge forcibly the inconvenience and loss that often result from changes in market value. A man who has bought wheat at a dollar does not like to sell it for eighty cents. A man who has borrowed money to buy land at five dollars an acre does not like to sell it for four. But on the other hand if he sells

it for six the profit is his and not his creditor's. A clear line divides the business of buying, with the hope of selling at a profit, or of selling the produce at a profit, from the business of lending money. The two are governed by different principles. In the former case is the hope of gain. In the latter case all that the creditor can ask is his money with interest. If it should happen, meanwhile, that, owing to improvements in methods of production, the average prices have become smaller, that is a fair advantage to the owner of the money. The debtor ought not to complain of this, any more than the creditor should complain if the debtor makes a profit on the money he borrows. This profit may be double the interest. But the creditor cannot take any part of it except his interest.

And on the whole the borrowers make money because the values of property increase. Many New England farms have diminished in value. This is due to the competition of the West. The wheat of Minnesota and Dakota takes the place of the Genesee valley and Connecticut valley wheat. But the total value of the country's property increases. It rose from \$43,642,000,000 in 1880 to \$65,037,091,197 in

1890. In 1880 each inhabitant owned on the average \$870. In 1890 he owned on the average \$1,039.<sup>1</sup>

Coin knows these figures too well to refer to them. So he turns to India and argues that India has become more prosperous since 1873, and that this is because of her silver currency. This is one of his deceptive half-truths. She has increased her trade and she has a single silver standard. But he omits to mention two important facts which overturn his whole argument. This growth of the commerce of India is due to the construction since 1873 of railways, which are the arteries of commerce, and alone made it possible for the great Indian peninsula. Her commerce has increased just as that of the Western States increased when railroads began to run through them. And all her commerce with foreign nations is settled on a gold basis.

But Coin will ask: What was the cause of the financial difficulties from which we have been suffering since 1892? I answer: The real truth of the case is that the silver agitation has caused the sufferings of the country

<sup>1</sup> *Census Bulletin*, 379.



"THE GREYHOUND IN THE LEASH HUNG BACK,  
AND CHECKED HIM IN HIS LEAP."



during the last four years. Men like Coin have really hindered the growth of our business, and the prosperity of our people. In 1891 we were prosperous and successful. We had, it is true, been coining silver dollars and issuing paper<sup>1</sup> against them, but this had not reached such an amount as to impair the credit of the government, or to make people dealing with this country fear, that we could not or would not keep our pledge to maintain the parity of the two metals, and thus make the silver dollar equal in commercial use to the gold dollar. But the amount of silver in the Treasury kept increasing, the government found itself unable to maintain the circulation of the silver dollar, and the Act of 1890 was passed, compelling the purchase of 4,500,000 ounces per month, and the issue of paper in payment for it. The government in the same act pledged itself to maintain the parity of the two metals at the ratio of sixteen to one. But our creditors abroad, and the holders in this country of accumulated property, began to fear that it would be impossible to keep this pledge. The free silver-coinage partisans continued their agitation. American securities were consequently returned

from Europe to be sold. Mortgages were called in. A gradual but steady drain upon the resources of the country ensued. The stoppage in 1893 of the purchase of silver bullion was a benefit. But it did not stop the free-silver agitation, and the panic continued. The debtors of the government ceased paying gold into the Treasury, and paid all their debts in paper and silver, as debtors always will if the option is given them. The creditors of the government, on the other hand, demanded from the government gold, as creditors always will if the option is given them. The result was a steady drain upon the Treasury,<sup>1</sup> until, on the 12th of February, 1895, the gold coin in the Treasury was only \$51,392,583, while the outstanding gold certificates were \$52,578,529.<sup>2</sup>

At this time, therefore, there was not gold coin enough in the Treasury to pay the outstanding gold certificates; and we had none at all with which to pay the United States notes,

<sup>1</sup> The gold coin and bullion in the Treasury April 30, 1889, was \$328,203,901. September 30, 1894, it was only \$123,665,776. (*Treasury Report for 1894*, pp. 29, 30.) During the same time the silver coin and bullion increased from \$307,057,392 to \$509,814,353. *Ibid.*, p. 32.

<sup>2</sup> See Treasury Report of that date, published in leading Chicago and New York papers of the next day.

amounting to \$347,681,016, not to speak of the coin notes, amounting to \$152,584,417, issued under the Act of 1890.<sup>1</sup> The gold bullion in the Treasury was \$42,526,127, making a net gold reserve, against four hundred and fifty millions of paper payable on demand, of only \$41,340,181. During the ten weeks previous to this date our own people had drawn out in gold from the Treasury of the government, exclusive of that which was exported, \$43,933,913. The rate at which gold was being drawn out was rapidly increasing, and if something had not been done to prevent the draft, the whole amount in the Treasury would have disappeared within a month, and the government would have had nothing with which to pay its ordinary debts but silver dollars. These certainly are legal tender for all debts not expressed to be paid in gold, but their intrinsic value is only fifty cents. The government now keeps up the credit of the silver dollar by redeeming all coin notes in gold. But the moment the government ceases to do this, and pays its obligations only in sil-

<sup>1</sup> *Treasury Report*, 1894, p. 65. Of these United States notes there were counted as available cash in the Treasury, February 12, 1895, \$51,143,314.42. See Report for that day.

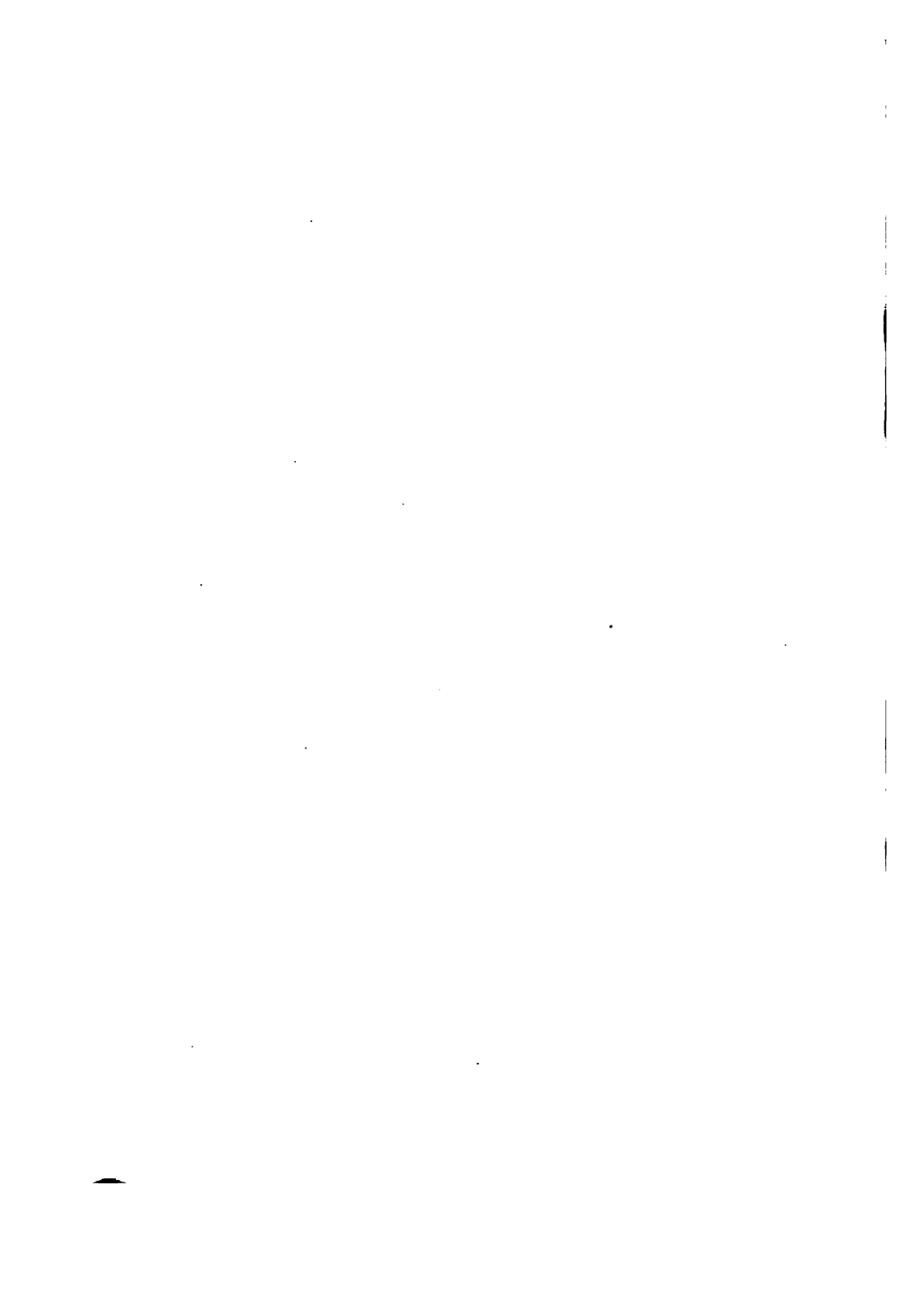
ver, that moment the silver dollar will be taken only according to its actual commercial value, and we shall have two standards, just as we had during the war. The government then was compelled to pay and did pay all its current debts in paper, and this paper at one time during the war was worth less than forty cents on the dollar, measured by the gold standard.

The fear of a return to this condition was general among creditors and investors during 1893 and 1894. It was this fear that palsied the manufacturer, and that cut down the profits of the farmer. It was this fear that closed factories and threw men out of employment.

In this emergency, the President of the United States and the Secretary of the Treasury, with a courage that we cannot too highly praise, made the contract with the great bankers of London and New York, by which not only did they agree to furnish gold for the present needs of the government to the amount of sixty-five million dollars, but agreed that they would "bear all the expenses and inevitable loss of bringing gold from Europe, hereunder, and, as far as lies in their power, will exert all financial influence and will make all legitimate efforts to protect the



"I'VE DONE A GOOD DAY'S WORK, AND I WANT AN HONEST DOLLAR—  
NOT A FIFTY-CENT DOLLAR."



Treasury of the United States against the withdrawals of gold, pending the complete performance of this contract."

Had it not been for this contract the government would have had nothing to pay its debts with but the silver coin and bullion in the treasury, and it would have been compelled to pay all its salaries and contracts in silver and silver notes. This means distinctly—we might as well look it squarely in the face—that we should have gone into national bankruptcy, and paid our debts at fifty cents on the dollar. Our credit, individual and national, would have received a blow from which it would not have recovered for years. The greatest sufferers would have been laboring men, wage earners, pensioners, depositors in savings banks, and the like. Coin says there are four debtors for every creditor. The reverse is the truth. There are four creditors for every debtor. They are mostly creditors for small amounts, and they suffer most from a depreciated currency.

That is the danger from which the President and Secretary have saved us. That is the danger against which our statute requiring the two metals to be kept on a parity was intended to

guard. But no statute can give money a forced circulation, at any other than the value that the body of the public are willing to give it. Every country, at some time or other in its history, has tried this experiment, and it has never succeeded, and it never will. The laws of trade are just as inevitable as the law of gravitation.

In this same agreement the offer was distinctly made to Congress, that they might save the people sixteen million dollars, if they would authorize payment for the gold thus bought, in three per cent. bonds, containing an express agreement to pay the principal and interest in United States gold coin of the present standard of weight and fineness. This offer Congress refused. The bonds were paid for in the four per cent. bonds authorized by previous statutes, which are payable in coin, but not "specifically in gold coin." Thus the free-silver agitation cost us sixteen million dollars at one stroke. If this lesson should teach our people that a fixed standard for the payment of debts is the best policy, it will be worth all it cost.

The moment, however, that the government in the most positive language expressed its de-

termination at all hazards to maintain its credit and fulfil its pledge, by thus buying gold in sufficient quantities to satisfy creditors that the obligations of the government would be made good, that moment gold flowed back into the Treasury, credit revived, business became more prosperous. We hardly can take up a newspaper without seeing indications of this revival. Wages are increasing, and every indication leads us to believe that we are on the eve of years of prosperity.<sup>1</sup> If they should have their way, all this fair promise would be blighted.

It is this hope, based largely upon the courageous and manly way in which the present administration has maintained the credit of the government, and the consequent confidence that has been inspired in business men, that for two years at least the honor of the country is safe, that the silver men would destroy.

<sup>1</sup> I quote in Appendix A, from a recent circular-letter of a prominent business house. It shows three things: 1. That confidence in our commercial honesty is being restored, and therefore foreign investors are buying American securities. 2. That business is improving. 3. That wages are rising.

## CHAPTER IV.

### UNLIMITED DEMAND.

SOMETHING has been said already on this part of Coin's argument. His theory is that free coinage would make an unlimited demand for silver, and he argues that this would raise its price. But he shows by his tables that free coinage from 1834 to 1873 did not make an unlimited demand for silver. We coined only what the business of the country required. There never can be an unlimited demand for silver as a basis for circulation, because it is practically far less convenient than gold. Coin dwells on the fact that the proportion of silver to gold in the world is less than it once was. But the aggregate amount has increased. The fact is that silver is so much more bulky than gold, and so much less convenient to handle, that no one wants to use it when he can use gold. The vault that would hold a mil-

lion silver dollars must be sixteen times as large as the vault that would hold a million gold dollars, and if we took silver at its actual value the size required would be thirty times as large. We might as well go back to the old-fashioned stage-coach as a means of transportation, and undertake to supplant the railway system, as to go back to silver as a basis for the circulation of this country. A silver basis was well enough before the days of the railroad and telegraph, but now that our business has increased tenfold, the silver standard is inadequate. The improvements that have been made in transacting business have been all in the direction of increasing the ease with which values could be transferred, money circulated, and debts paid. A man can carry a thousand dollars in his pocket in bank notes with great convenience, but he could not conveniently carry a thousand dollars in silver there. None of the silver Congressmen, not even Mr. Bland himself, ever asked the Sergeant-at-Arms to pay him his salary in rolls of silver dollars. We settle our debts in drafts, in checks, in bills of exchange, and in government notes and bank notes. It is only a few balances that are settled in gold, and still fewer that are settled in silver. Coin seems to think that the fact that

you could put all the gold in the world into one building, is an argument to show that it is insufficient as a basis for circulation. This is clever until you think that you don't want the gold to use every time you make a payment, and you never do use it in that way. In the dark ages people carried bags of specie from one city to another, but they don't do that now. It is only balances that are settled in that way, and all that any one cares to know is that his contracts will be settled according to a fixed basis, which he understands. But if payments were to be made in actual coin, any man would rather have a hundred dollars in gold, that is to say, ten eagles, which he could put in a small place, than a hundred silver dollars which would weigh his pockets down, and make holes in them. The talk that silver is the money of the people is absolute nonsense. Coin himself does not carry silver dollars about in his pocket. If he were to have a thousand silver dollars paid to him to-morrow, he would hurry to put them away in the bank, and get paper instead. For small sums silver is undoubtedly more convenient, because gold is too small even for a dollar, and when it comes to coins of the value of fifty cents and twenty-five

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cents, it is out of the question. Any popular demand for silver coin beyond this is imaginary. Coin draws two hands each trying to pull a coin squirrel through a knot-hole, and in his picture one is pulling as hard as the other. But in practice he would find that it would be a great deal harder to pull 371 grains through the knot-hole than it would be to pull 23, and no one would care to take the extra trouble. How can any thinking man possibly believe that an Act of Congress can make that silver ounce which is produced for sixty cents, pass in the markets of the world for a dollar and twenty-nine cents? You may call a coin a dollar in this country, but when you come to deal with any other nation, it will be called just what it really is. If people would only apply to the currency question the same common-sense that they apply to other subjects, they would understand it better. Would it benefit the American farmer to pass a law that a bushel of wheat should measure only sixteen quarts? He would sell twice as many bushels as he did before, but he would not get any more money for them, and when he came to sell them abroad he would have to sell by some measure that is recognized in foreign countries.

## CHAPTER V.

### FALL IN PRICES.

COIN fails to distinguish between the natural and desirable fall in prices that comes from improved methods of production, and the destructive fall in prices that results from failure of credit and national bankruptcy. Experience shows that the first kind of a fall is accompanied by increasing wages and general prosperity. All the skill of man has been exerted for the last hundred years to improve machinery and cheapen production. The farmer with the aid of the cultivator, the reaper, and the threshing-machine, produces his wheat or his oats at a much less cost than he could sixty years ago with the sickle and the flail; and yet he pays the laborer on his farm much higher wages than he did then. The wages paid in all manufacturing industries have greatly increased within the last fifty years,<sup>1</sup> yet

<sup>1</sup> The increase was marked between 1880 and 1890. The census returns show that in 1880 2,732,595 persons were employed in manu-

there is not a single staple manufactured article the price of which has not diminished.

Coin draws attention to the fall in the price of silver. It is true silver in 1873 was worth about \$1.29½ cents an ounce, and is now worth only about 67 cents. But if this fall in the price of silver were caused by the fall in the price of other articles, we should find that the changes during the intervening twenty-two years have some sort of correspondence, whereas in point of fact they have none. A bushel of wheat was worth in 1873, more than an ounce of silver. Both declined in 1874 and 1875, but in 1877 wheat rose to \$1.50¼, while silver at the same time had fallen to \$1.20, and had been even lower. In 1881, again, wheat was worth \$1.31¾ a bushel, while silver at that time was worth about \$1.14 an ounce. On the other hand, owing to greatly increased area of wheat culture, and to bountiful harvests, the price of wheat in 1886 fell to 88½ cents, while silver at the time was worth about \$1 an ounce. In 1888, however, wheat rose again to be higher in

facturing industries in this country ; \$947,953,795 were paid them in wages—an average of \$346.90 to each person. In 1890 the number employed had increased to 4,712,622 ; wages paid to \$2,283,216,529—an average of \$484.48 to each person.—(*U. S. Statistical Abstract*, 1894.)

price than the silver ounce, and again, in 1891, when it was worth \$1.09 the bushel, silver was worth only about 98 cents the ounce. All these prices are New York, or what Coin calls the export, prices. If the Chicago prices were taken, the disparity would be greater.

Corn went up rapidly in price from 1873 to 1874, reaching 88 cents in the latter year. Again, in 1882, it rose to be 80 cents. Similar changes took place in the price of oats. All this time silver had been falling in price. Both corn and oats are worth to-day as much in gold as they were in 1873. Lard, again, which was worth  $8\frac{5}{8}$  cents a pound in 1873, rose steadily from that year till 1875, while silver was falling. Its fluctuations were entirely different from those of silver, and it was higher in 1893 than it was in 1873. Mess-pork is as high now, in gold, as it was in 1873, and it has repeatedly risen in price since then, while silver was falling.<sup>1</sup> If we look at the prices of other articles,

<sup>1</sup> The prices of wheat since 1877 are for No. 2 red winter wheat. Corn and oats are western No. 2, mixed. These figures as to all the farm products except cotton are the average prices, taken from the Statistical Reports of the New York Produce Exchange. The prices of cotton are from the Statistical Reports of the New York Cotton Exchange. See the diagram, Appendix B.

we find that the changes have been entirely independent of those in the commercial value of silver.

The quality of farming implements has improved, and their cost diminished.

The following were the retail prices in 1875:

Self-rake reaper, \$155.

Two-wheel mower, \$105.

The retail prices of mowers this year are in the neighborhood of \$45.00. As to the reaper, its place in this country has been almost entirely superseded by the self-binding harvester which began to be used about the year 1877 and sold at about \$300.00 retail. This year the price of the latest improved machine is \$120. Harvesters manufactured last year can be bought very much lower, so that a harvester and binder can now be purchased \$35 less than a reaper could be purchased twenty years ago.<sup>1</sup>

As to the relative efficiency of the two machines, *one* man and a pair of horses can cut and bind ten acres of wheat where a reaper took *five* men and two horses; and the old-fash-

<sup>1</sup> These figures were given the author by a leading manufacturer, and state actual transactions.

ioned method of cutting with the cradle took *eight* men. In other words, the reaper saved three men over the primitive mode of cutting, and the binder has saved four men over the reaper.

A similar, or greater decline has taken place in the prices of other articles used by our people. In 1873 it cost \$2.75 to buy 100 2-grain quinine pills. They can now be bought at retail for 30 cents, and even less.

Augers in 1871 were worth at wholesale in New York, 41 cents each. In 1891 they were worth 19 cents.

In the same time cut nails declined from \$4.90 per keg to \$1.86 per keg.

Between 1873 and 1891, calico declined from 12 cents to 6 cents per yard.

Drillings declined, during the same time, from 14 $\frac{1}{4}$  cents per yard, to 6 $\frac{1}{2}$  cents per yard.

Ingrain carpets from \$1.14 per yard, to 51 cents per yard.

Granulated sugar from 12 $\frac{1}{4}$  cents per pound, to 4 $\frac{3}{8}$  cents per pound.

Brown sugar from 9 cents per pound, to 3 $\frac{1}{8}$  cents per pound.

Water-white refined kerosene oil, in bulk, from 16 $\frac{1}{8}$  cents per gallon in 1877, to 4 $\frac{1}{4}$  cents in 1894.

Retail prices fell in the same proportion. The cause was improved methods of manufacture and cheaper material, but chiefly the former. A curious illustration of this is in the relative fall in the price of flour and wheat. Between 1873 and 1891, flour fell from \$11.25 to \$6.50 per barrel. Spring wheat from \$1.50 to \$1.05 per bushel. Flour fell 42 per cent., wheat only 30.<sup>1</sup>

During all this time, wages were increasing. The average wages paid to each person employed in manufacturing in 1880 was \$346.90. It rose in 1890 to \$484.48.

The reason is obvious. Improvements in methods of manufacture cheapen the cost of production and of the manufactured product. This increases demand, and, consequently, increases the quantity of the product and the wages of the men engaged in producing it.

One noticeable cheapening of cost and increase of convenience is in the item of postage. In the good old days of the silver standard this cost on domestic letters 25 cents, for more than 400 miles. In 1863 it was reduced to 3 cents

<sup>1</sup> These figures (except as to quinine and refined oil) are taken from the Report of the Senate Committee on Finance, July 19, 1892. The figures as to oil are from the actual transactions of a leading manufacturer.

per half ounce, or 6 cents an ounce. It is now 2 cents per ounce. Foreign letters in the silver-standard days cost 24 cents per half ounce to England, and 30 cents to France. This was reduced to 10 cents in 1864 and in 1874 to 5 cents per half ounce. Indeed all kinds of transportation have been cheapened since 1873.

The average cost of sending telegrams in that year was 63 cents. It fell rapidly till 1878, continued on the same level till 1884, fell steadily till 1887, and has been about the same ever since.<sup>1</sup> The freight per bushel on wheat from Chicago to New York, all rail, was, in 1873, 32 cents, and has now fallen to about 12 cents. The greater part of this reduction took place between 1873 and 1876.<sup>2</sup>

If we look at the price of metals we find the change is even more remarkable. Steel rails, which in 1873 cost \$120 a ton can now be bought for \$23. Aluminum, which in 1873 was as valuable as silver, is now worth only 50 cents a pound.<sup>3</sup>

<sup>1</sup> Reports, Western Union Telegraph Company.

<sup>2</sup> *Statistical Report, New York Produce Exchange*, 1894, p. 72.

<sup>3</sup> The *Iron Age* has recently published a statement of the comparative cost of production of a pound of copper at the Quincy mine. In 1875, it was 15.79 cents per pound. In 1881 it was 10.03 cents;

So when Coin brings in his long-bearded farmer who pays \$4 for a dinner in Chicago, and knocks down the politician who says that a bushel of wheat will buy as much as ever it would, we know the pretended farmer has mining stock in his pocket and Coin's face behind his false beard. The real farmer does not order a \$4 dinner anywhere. And he knows that the reduction in the prices he has to pay is just as real and substantial as in those he gets.

The growth and prosperity of agriculture in the country during the ten years from 1880 to 1890 is shown clearly enough by the following extract from the census returns<sup>1</sup>:

"The total number of farms enumerated in 1890 was 4,564,641, as compared with a total of 4,008,907 in 1880, an increase of 555,734, or 13.86 per cent.

"The total area of land in these farms in 1890 was 623,218,619 acres, 357,616,755 acres of which were improved. In 1880 there were 536,081,835 acres in farms, 284,771,042 acres of which were improved. Therefore, there was an increase of 87,136,784 acres, or 16.25 per cent. of the total land in farms, and 72,845,713 acres, or 25.58 per cent. improved.

in 1890, 6.51 cents; and in 1894, only 5.68 cents per pound,—a third of the cost in 1875. During the same time the average wages per month rose from \$46.74 to \$50.70.

<sup>1</sup> *Census Bulletin*, 378.

"The percentage of the total land surface in farms in 1890 was 32.79, as compared with 28.20 in 1880, and the percentage of the total farm area that remained unimproved at the latter date was 42.62, as compared with 46.88 at the former.

"The value of these farm lands, including fences and buildings, was, in 1890, \$13,279,252,649, and in 1880 \$10,197,096,776, showing an increase of 30.23 per cent. in their valuation since 1880.

"The value of farm implements and machinery in 1890 on these farms was \$494,247,467, and in 1880, \$406,520,055, showing an increase of 21.58 per cent. since 1880.

"The value of live stock on hand, June 1, 1890, on these farms, was \$2,208,767,573, and the value in June, 1880, was \$1,500,384,707, showing an increase of 47.21 per cent. since 1880.

"In the year 1889 the value of farm products was \$2,460,107,454, and in the year 1879 the value was \$2,212,540,927, showing an increase of 11.19 per cent. since 1880."

## CHAPTER VI.

### REAL REASONS FOR THE FALL IN COMMERCIAL VALUE OF SILVER.

THESE are twofold :

1. The constant production of gold. This is shown in the table prepared by the Treasury Department, and printed in Coin's book, to have amounted between 1873 and 1892, both inclusive, to over two billion one hundred and fifty-seven million dollars—which is nearly half of all the gold produced in the world since 1792, and much more than half the amount in use at the present time. And the production is steadily increasing. The Director of the Mint has just reported that the production in 1894 was one hundred and seventy-two millions. Gold, being far more portable and convenient for use than silver, has naturally taken its place as redemption-money.<sup>1</sup> Silver continues to be

<sup>1</sup> The weight of the silver produced in the world since 1492 is nineteen times as great as that of the gold. Its bulk is even larger in proportion, yet its value is \$735,077,284 less.—Report, Director of the Mint, for 1894, in *Treasury Report*, pp. 304, 305.

used in the arts. It continues to be used by uncivilized people, or by those partially civilized, but the higher civilization demands a more convenient basis, and has got it.

2. The other cause is the immensely increased production of silver and the diminished cost of this production. The same table shows that but \$81,800,000 of silver were produced in 1873. The nominal or coinage value of the product in 1892 was \$196,605,000, so that the number of ounces of silver which was produced in 1892 was two and a half times as great as it was in 1873.

Coin denies by implication that there has been any reduction in the cost of producing silver. Even he has not the face to say so in so many words. He rests his argument upon the statement that there have been a great many unproductive silver mines. He names men who have lost money in silver mining, and says he believes that all the silver in the world has cost on an average to produce two dollars an ounce. This is pure guesswork. It is just as easy for me to guess that it has only cost fifty cents to produce, it as it is for him to guess that it has cost two dollars. In point of fact, we know that many

of the silver mines now produce silver at fifty cents an ounce. This he admits. It is true that there are unproductive mines. All this means that there are mines which it don't pay to work. The same is true of gold mines and copper mines, of marble quarries, and of the sources of supply of every mineral product. To say that the cost of production is to be measured by the failures in business is just as ridiculous, as it would be to say that the cost of petroleum is measured by the mistakes that have been made in boring oil wells, and the loss of the people that speculated in these uncertain ventures. The improvements in machinery for mining and in the process for smelting silver ores are such that it does cost less now than it did in 1873 to produce silver from the ore; just as it costs less to produce iron and copper<sup>1</sup>; just as it costs less to manufacture calico and sugar.

The truth is, the free-silver argument is entirely out of date. It did very well a hundred years ago, but in the face of the advancement of modern science and the development of modern civilization it has no force at all.

<sup>1</sup> On this latter point the *Iron Age* says: "The lowering of cost is of course due to a multiplicity of improvements in every department." The same is true of silver mining.

In the days of the "dollar of the Fathers," business was done in the valley of the Mississippi (1801) in the following primitive fashion :

"An advertisement of that time for wood-cutters at the Cumberland Furnace promises all who come half a dollar a cord, payable in salt, or castings, or bar-iron, delivered at the landing six months later. Another offers to purchase two hundred gallons of prime rye whiskey, half to be paid for in cash and half in good horses. In another an offer is made to buy negroes, one hundred dollars of their value to be paid in dry salt. In a fourth a creditor informs his debtors that they may pay him in hemp, cotton, or dry hides. In a fifth debtors are notified to settle in ginned cotton or pork. In a sixth the creditor declares himself ready to take cotton, pork, or tow linen. In a seventh a stage-wagon with harness is offered in exchange for cotton, bacon, or hams."<sup>1</sup>

We might as well return to this half-civilized barter as return to the single silver standard.

You cannot shut up the American of 1895 in the narrow compass of the American capacity of 1801, or even of 1873. He has been progressing ever since, and will continue to do so in spite of the advocates of an obsolete system.

<sup>1</sup> McMaster's *History of the American People*, vol. iii., p. 484.

## CHAPTER VII.

### NATURAL RATIO.

COIN prints some figures to show that the silver in the world, if collected into one block, would take up a space  $15\frac{2}{3}$  times as large as the gold in the world, and he therefore claims that this is the ratio which ought to exist for the two metals. He might as well say that if you could get all the cotton cloth in the world together in a bale, you would fix its price by comparing the space it would take with the space of all the gold in the world. The space occupied in either case has nothing to do with commercial value, except in this: that it is sixteen times as easy to handle gold as it is to handle the same value of silver, according to the American ratio. According to their actual value it is thirty-two times as easy. So long as the production of gold was insufficient for the wants of man, and the cost of producing silver

was such that sixteen ounces of it cost about the same to produce as an ounce of gold, the ratio remained with more or less evenness. But now we don't want silver at all for a basis of circulation. Gold has taken its place as the ultimate measure of redemption, just as locomotives have taken the place of stages, and cable and trolley cars of horses.

## CHAPTER VIII.

### A NEW SILVER DOLLAR.

SOME of the free-silver men propose a free coinage of silver at a ratio that shall make the dollar actually worth that amount. To do this at present rates would oblige us to double the size of the dollar and turn the present dollar into a half dollar. If any man can be found who thinks this would make a convenient coin to handle, or would like to have it done, we ask him to stand up and be counted. Till then let the coin remain as it is.

## CHAPTER IX.

### THE SILVER-MINE OWNERS.

COIN claims that free coinage of silver would not benefit the owners of silver mines. This is one of his funny contradictions. On one page he argues that the artificial demand created by law does increase prices, and adorns his book with the picture of 100,000 cavalry horses suddenly advertised for by the government. On another page he denies all this and says that the free coinage of silver and the demand which for a time it would create, would benefit the silver-mine owners only for the same reason that it would benefit everybody. What people would really like to know is the amount of silver the owners of silver mines have spent in the free-coinage propaganda in the last two years. Free-coinage advocates always have plenty of money for their meetings, their publications, and their pictures.

According to Coin, the poor men of the country are in a state of absolute distress. Certainly they have not subscribed the money to pay for these productions, and if the silver-mine owners do not believe that the free coinage of silver would enable them to get a bigger price for their product than they can now, where does the money come from that furnishes the sinews of war to the free-coinage advocates?

In this connection, let me suggest to our silver friends, that they have no exclusive patent right to an artificial market for their product. If the government is to coin their bullion at their own price, why should it not also buy cotton, wheat, and beef? Till we are ready for that, let silver stand on its own merits.

## CHAPTER X.

### CORNER IN GOLD.

**B**UT Coin says that gold can be cornered, and that this is the reason why we should have free coinage of silver, because silver cannot be cornered. Why not? According to Coin's own account, the amount of wealth that it would take to corner gold is less than the amount it would take to corner silver. The commercial value of the entire stock of gold now in existence is more than that of silver. Owing to the fact that silver is so much more bulky and hard to transport from one place to another, it would certainly be much easier to corner silver in any particular country, because it would take so much longer to bring in a stock of silver from other countries. Every one knows that the more difficult it is to transport one article from one country to another, the easier it is to corner it in any particular country, just as before the days of railroads there might be

famine in one part of the country and plenty in another. But the truth is there is so much gold and silver in the world that it is impossible for anybody to corner it. The official table<sup>1</sup> shows that the value of the silver produced in the world between 1793 and 1892 was about five billion dollars (\$5,104,961,000), and the value of the gold over five billion six hundred and thirty-three millions (\$5,633,908,000). Coin states that the value of gold now in use in the world is three billion nine hundred million dollars (\$3,900,000,000). The Secretary of the Treasury, from the latest returns, states it to be (May, 1895) \$3,965,900,000. The stock is so large that the united efforts of all the bankers in the world could not create a corner in gold.

A few years ago an attempt was made to create a corner in copper. The various coppermine owners formed a trust, and did for a year or so keep the price up. But the combination broke down (as any such combination must, which requires to extend all over the world), and the price fell to the natural level.

The only time that a serious attempt was ever

<sup>1</sup> United States Treasury Department, Bureau of the Mint, August 16, 1893.

made in this country to make a corner in gold was in September, 1869, when we were not on a specie basis, and paper money was the common medium of exchange and commercial settlements.

The effect of this naturally was to diminish the quantity of gold available for commercial uses. Yet even on the celebrated Black Friday,<sup>1</sup> the only way in which the speculators had any hope of making a corner was by keeping the government of the United States from selling the gold that was in the Treasury. The minute this began to be offered for sale, the corner broke and ruined most of those who were engaged in it.

At that time the entire stock of gold coin and bullion in the country was only one hundred and seventy-three million dollars.<sup>2</sup> September 30, 1894, it was \$623,792,004; nearly four times as much.<sup>3</sup>

<sup>1</sup> September 24, 1869. Fisk and Gould, who engineered this corner, relied on the absence of President Grant in Pennsylvania. He returned to Washington on the 23d. On that day gold sold in New York at 150. The next day the price was bid up to 163½, when James Brown, representing New York bankers, offered three millions for sale, the Secretary of the Treasury offered four millions, and in fifteen minutes the price fell from 160 to 133. (See Garfield's Report on Gold-Panic Investigation, March 1, 1870.)

<sup>2</sup> *Report Sec'y Treasury*, 1886, p. LXXX.

<sup>3</sup> *Report Sec'y Treasury*, 1894, p. 87.

## CHAPTER XI.

### HATRED OF ENGLAND.

COIN resorts to the familiar and well-worn appeal to the prejudice which some people in this country are supposed to feel against England. The people of that country have the same religion, the same laws, and the same language as ourselves. We did fight in years gone by, but we are now united by the close ties of business and friendship. The English octopus, as Coin calls it, is really a country that is our best customer for wheat, for cotton, for beef, for petroleum, and for Yankee notions. He says it "feeds on nothing but gold." In fact, however, it feeds on the wheat, the coffee, the sugar of South America, the tea of China; in short, the natural or manufactured products of every part of the world, all of which it pays for. Along its arms, steamers ply, freighted with the merchandise which is the subject of

this mutual trade, which benefits both parties. Telegraphic cables thread the bottom of the sea to its head, carrying messages of business and of friendship. American investors draw great sums in royalties from this "octopus." It does not get any gold worth speaking of from Asia, from Africa, or from South America. Whatever gold it does get, is a natural product, and a source of profit to those who produce and export it. In short, the whole octopus business, like the other delectable illustrations in Coin's school, is a delusion and a snare. The worst thing that could happen to this country would be the ruin of England. No merchant would look with satisfaction on the ruin of his best customer or want to quarrel with him.

Another favorite argument of the free-silver advocates is that England first adopted the gold standard and has grown rich by it, and that therefore it must be bad for other countries.

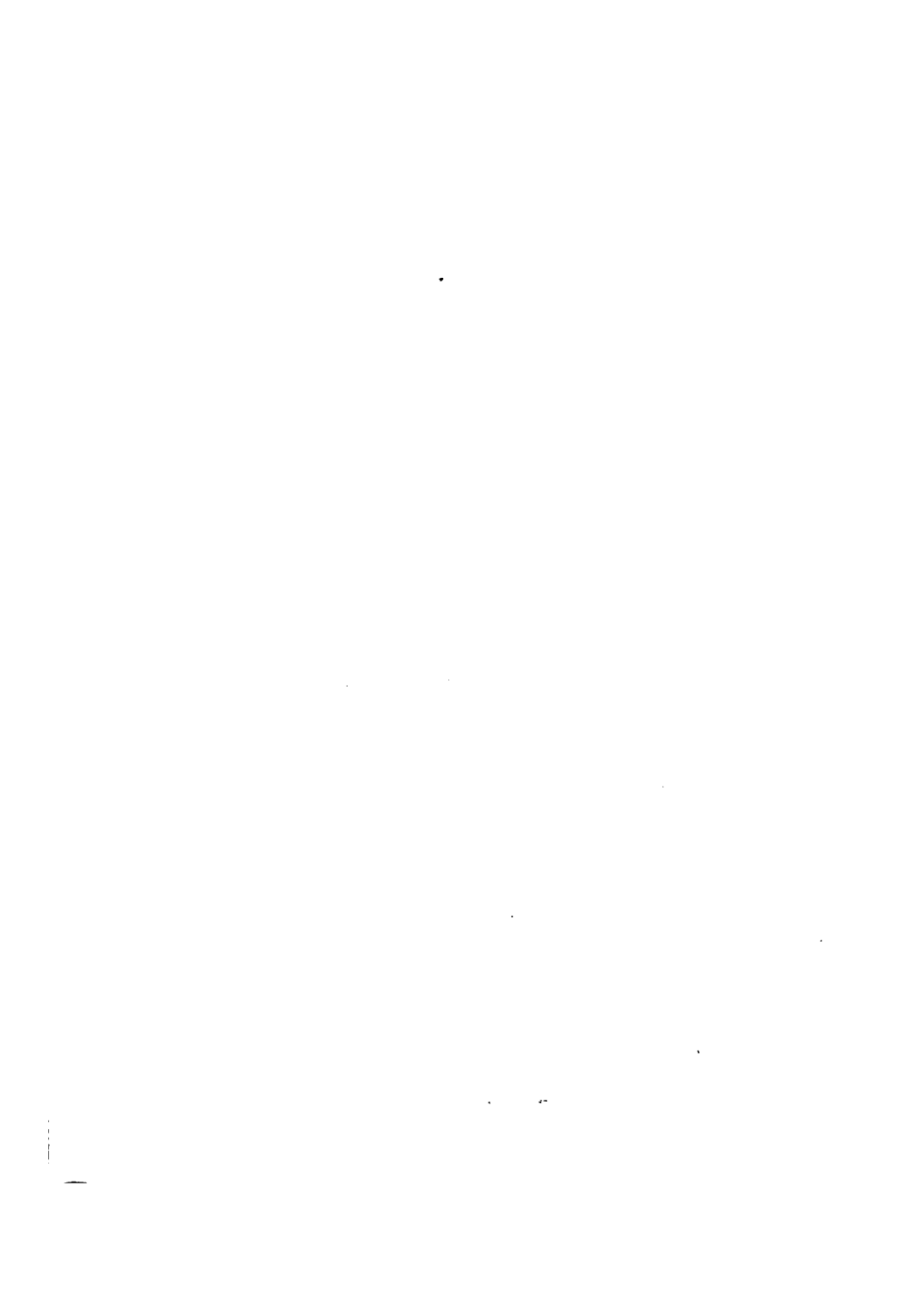
Let us note two things in this connection.

1. England first adopted trial by jury, and the writ of habeas corpus. She first enforced the principle of freedom that no man should be deprived of life, liberty, or property but by the

"A TALE OF TWO NATIONS."



THE BRITISH SCARECROW.



judgment of his peers, or the law of the land. Shall we discard these sacred muniments of liberty because they are of English origin?

2. If England has prospered under the gold standard, why not the United States? Certainly no country ever became really prosperous by the ruin of its neighbors. In the great commonwealth of nations, the prosperity of one makes trade with all, and helps to enrich all.

## CHAPTER XII.

### TRUE BI-METALLISM.

AND now let me make one proposition to the free-silver-coinage advocates. You say that the free coinage of silver would tend to equalize the value of the two metals, and that this would be done by natural means without any legal compulsion. Would you agree to repeal all laws making silver a legal tender, if on our part we should agree, on that basis, to allow silver to be coined by the government without charge to the purchaser? In other words, are you willing to let each of the two metals stand on its own bottom, without any aid from a legal-tender quality? Do you not certainly see that in such a case no one would bring any silver to the mint?

No one would ever take a silver dollar out except for its legal-tender property. I have shown that six-sevenths of all the dollars we have coined since 1861 are now in the United States Treasury.

This proposition is an absolute test of the inherent weakness of the whole free coinage argument? You call it free coinage, but you mean unlimited legal tender. You call it free coinage, but you mean that every silver-mine owner should compel the government to place upon his product an artificial stamp, which will enable him to compel his creditors to take payment in what in other countries is worth only fifty cents on the dollar. This is all very well for them, but where does the interest of the people come in? Where can the debtor, who does not own any stock in a silver mine, get his silver dollars with which to pay his debts? If, on the other hand, as you sometimes argue, the price of silver should rise to an equality with gold, where would be the benefit to the debtor?

One of your favorite arguments is that the free coinage of silver would not cause any extraordinary rush to the mint, but that the passage of the law would have some magical effect, and put prices up without any coinage. You say that the value of silver which is used in the arts is mainly dependent upon workmanship, and that this would not go to the mint. But

are you aware that a dozen of silver spoons would coin into more dollars than you can buy them for?<sup>1</sup> And do you not therefore see plainly enough that one of two things would certainly happen upon the free coinage of silver? Either there would be a general rush from all parts of the world to get silver, that now is worth only fifty cents, coined into money that would be nominally a dollar, and use the temporary demand thus created to make money for the present holders of silver bullion. This certainly would not benefit the people who do not own it. Or else the whole amount of gold now in circulation, or used as a basis for circulation, in this country would be withdrawn from circulation.<sup>2</sup> The result would be a period of univer-

<sup>1</sup> A dozen silver spoons, weighing 4944 grains, 925 fine, can be bought at retail for eleven silver dollars, only 900 fine, and weighing only 4532½ grains. The wholesale price is say twenty per cent. less. The spoons would coin into more than twelve silver dollars.

<sup>2</sup> This is what happened after we suspended specie payments. The entire stock of gold coin and bullion in the country in 1861 was 270 millions. By 1875 it had sunk to 110 millions. (*Treasury Report*, 1886, Table H., p. lxxx.) As soon as the resumption of specie payments was determined upon, the stock of gold coin and bullion began to increase. At the close of September, 1894, it was 623 millions. (*Treasury Report*, 1894, p. 87.)

When we were on a silver basis, before 1834, the gold left the country. We had none in circulation in that year. Benton, *Abridgment Debates*, vol. xii., p. 508.

sal distress and stagnation, and consequent bankruptcy, both national and individual. Probably both would happen.

The American people have too much sense to run the risk of either alternative.

Whose interest, let me ask, would be benefited by a law for the free coinage of silver, coupled with a continuance of the law making it unlimited legal tender? Let me answer in the words of another :

“ Not the merchant’s ; for he would but provoke a crash of bankruptcy, in which his own house would necessarily be included, as a single card in a house of cards. Not the farmer’s, for in the general destruction of all credit how could he obtain payment for the produce of his farm ? Neither could it be the laborer’s interest, for he must be either thrown out of employ, and lie like the fish in the bed of a river, from which the water has been diverted, or have the value of his labor reduced to nothing by the irruption of eager competitors. In short, with the exception of men desperate from guilt or debt, or mad with the blackest ambition, there is no class or description of men who can have the least interest in producing or permitting a bankruptcy.”

In conclusion let me say that all the arguments against a single standard are arguments against the free coinage of silver, for that would

quickly lead to a single silver standard. Our present system is the only possible bi-metallism. We have, in one sense, it is true, a single gold standard: that is to say, we measure all our obligations by the gold standard. But, on the other hand, we give to silver, by our present laws, the utmost possible use. We give it every opportunity, and we give to those who wish to use it every facility for so doing. The government stores it without expense, and issues certificates against it. It transports "from the Treasury or sub-treasuries, free of charge, silver coin, when requested so to do."<sup>1</sup> If it cannot hold its own with these facilities, certainly there is no reason why the interest of the general public should be sacrificed to that of the owners of silver bullion; or why, in order to gratify a senseless prejudice, we should strive to obstruct or break off our commercial relations with that country whose government and laws are most like our own, and out of whose trade the American farmer and manufacturer alike make the most money.

There are two reasons why this country, of all

<sup>1</sup> Act of March 3, 1891; 26 Stat. at Large, 966; Act of August 15, 1892; 27 *ibid.*, 363.

countries, ought to adhere loyally to this honest policy of paying our debts according to one fixed standard.

1. We are large exporters of wheat, corn, petroleum, cotton, and other American products. Our prosperity and comfort at home are dependent in great measure upon this foreign trade. True, the foreign trade is much less in amount than the domestic. But the foreign trade represents the surplus. What we consume at home is what we actually need. What we sell abroad represents to a large degree the profit of the country. I would not push the illustration too far. But every farmer knows that what produce he sells is what makes the profit of his farm. He lives upon its produce, but he considers that a very poor year when he has not a surplus to sell. It is so with the nation. Its surplus products are what it sells abroad, and if it has a good market for these its trade is profitable, and its home business prosperous. Its people are making money. The price of real estate rises, and everybody is happy. But when our foreign trade is depressed, when we have little surplus to sell, or foreigners do not trade with us, everything

is dull. Business depression reigns all over the country, as it did during 1893 and 1894. The chief cause of this loss and suffering is the silver agitation which has injured our credit and our trade.

How can we expect a profitable trade with foreigners unless we show in our legislation and in our national policy a steadfast and immutable purpose to pay our debts according to the only standard which they recognize?

2. In the next place, we all know that, while we are a country of boundless resources, those resources need to be developed. We are undoubtedly, also, a rich country. But we are not so rich that the introduction of foreign capital to develop our resources is not a matter of great importance to us. We have benefited in the past by the foreign capital that has helped to build our railroads and to develop our mines and factories. One great cause of the business difficulties under which for the last three or four years we have been laboring, has been the general distrust that foreigners began to feel for our ability and disposition to pay our debts according to the standard which they recognize. Immense blocks of American

securities have been thrown on the American market, and this has depressed the prices of the whole list. Nothing is needed now to secure the return of foreign capital but the restoration of foreign confidence. However patriotic a man may be, and I yield to no man in patriotism; whatever pride of country a man may feel, and I yield to no man in that pride; it is childish to think that we are independent of all other countries in the world. The extraordinary discoveries of modern science—the steamship, the telegraph—have brought diverse nations into closer union, and made them more dependent upon one another. To-day nothing would conduce so much to promote the prosperity of this country, as the restoration in foreign countries of confidence in our willingness and ability to maintain the payment of our obligations in the international standard.

As a subsidiary coinage and a basis for the circulation of small notes, I would seek an increased use of silver. We might even retire all the government notes except silver certificates, redeemable in silver, and made a legal tender up to a certain amount, to be regulated by law. These might conveniently take the place of the

greenback, and enable us to continue to use, as a basis of domestic circulation, the silver coin and bullion in the Treasury. These certificates we would maintain at a parity with gold at the ratio of sixteen to one. To this the credit of the government is pledged, The Act of July 14, 1890, declares: "It being the established policy of the United States to maintain the two metals on a parity with each other upon the present legal ratio, or such ratio as may be provided by law."<sup>1</sup> This is the true and the only possible bi-metallism. The free coinage of silver means a single silver standard. And that means national disgrace and ruin.

The American people, who suffered countless

<sup>1</sup> 26 United States Stat. at Large, 89. This pledge was repeated by the Act of November, 1893; 27 *ibid.*, p. 4 :

"And it is hereby declared to be the policy of the United States to continue the use of both gold and silver as standard money, and to coin both gold and silver into money of equal intrinsic and exchangeable value, such equality to be secured through international agreement, or by such safeguards of legislation as will insure the maintenance of the parity in value of the coins of the two metals, and the equal power of every dollar at all times in the markets and in the payment of debts. And it is hereby further declared that the efforts of the government should be steadily directed to the establishment of such a safe system of bi-metallism as will maintain at all times the equal power of every dollar coined or issued by the United States, in the markets and in the payment of debts."

hardships and sacrificed thousands of lives to preserve the honor of the flag and the integrity of the Union, will never consent to sacrifice the national honor. We are able to pay our debts honestly, and we will do it like honorable men and loyal Americans.



## APPENDIX A.

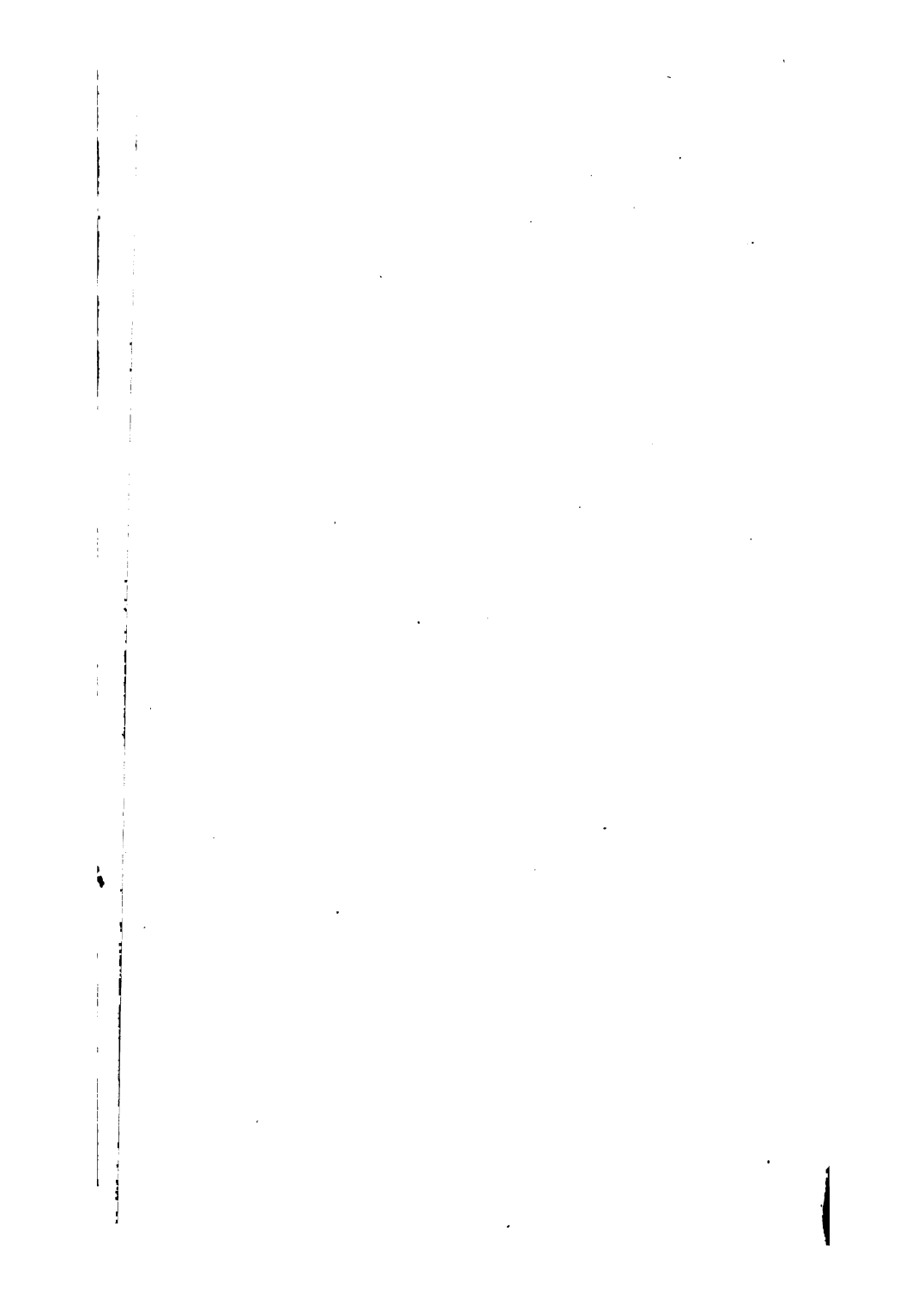
"NEW YORK, April 27, 1895.

"The foreign interest in our investments is steadily assuming increased importance. Somewhat unexpectedly, Germany has appeared among the buyers of the better class of stocks, and during the week some quite important purchases on Berlin account have been made. This new feature can hardly be viewed as a merely temporary spurt. It has been the result of previous inquiry, and appears to be the outcome of a purpose, on the part of German investment houses, to return at least in a tentative way to their former encouragement to the employment of capital in the United States. The great fall in the prices of our securities pending the depression of the last two years has afforded an exceptionally favorable opportunity for buying ; and there can be no doubt that the important endorsement of American credit by the Rothschilds, in the pending syndicate operations, has had a material influence, among German investors, in strengthening confidence in our future. . . .

"It is not easy to over-estimate the real significance of this return of London and Berlin to American investments ; nor is the change a matter of wonder. In neither country is there in process any important internal development calling for new capital ; and as to invest-

ment in the colonies and in the raw populations to which such enormous sums have been unproductively loaned within the last twenty years, they must have had experience enough of that kind. Outside their own territorial limits, these two nations, with their immense annual savings, can find nowhere the safety and solidity of investment that is afforded by the United States. Public opinion here has turned in favor of a freer commercial policy; we have reached a point of ability for economical production which in many departments surpasses their own industries; we are bent upon a sound reconstruction of our currency system; and when the silver question has been moved out of the path of confidence, we may count upon ten years of prosperity unequalled in our history. . . .

“The restoration of wages, which is gradually going on, is an evidence of not only an improvement in business, but carries with it the faith of employers that the change is of a substantial and permanent character. Such testimony comes from many mercantile interests, especially cotton and woollen factories. I can cite no better corroborative instance than that of the Washington Mills, which during the depression of a year ago stopped their works, which comprised machinery a mile in length. These works are now running night and day to keep up with the orders for the goods they manufacture.”





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